



Impact Statement

Appendix

January 10, 2002

OCC 003746



A-I Company Background

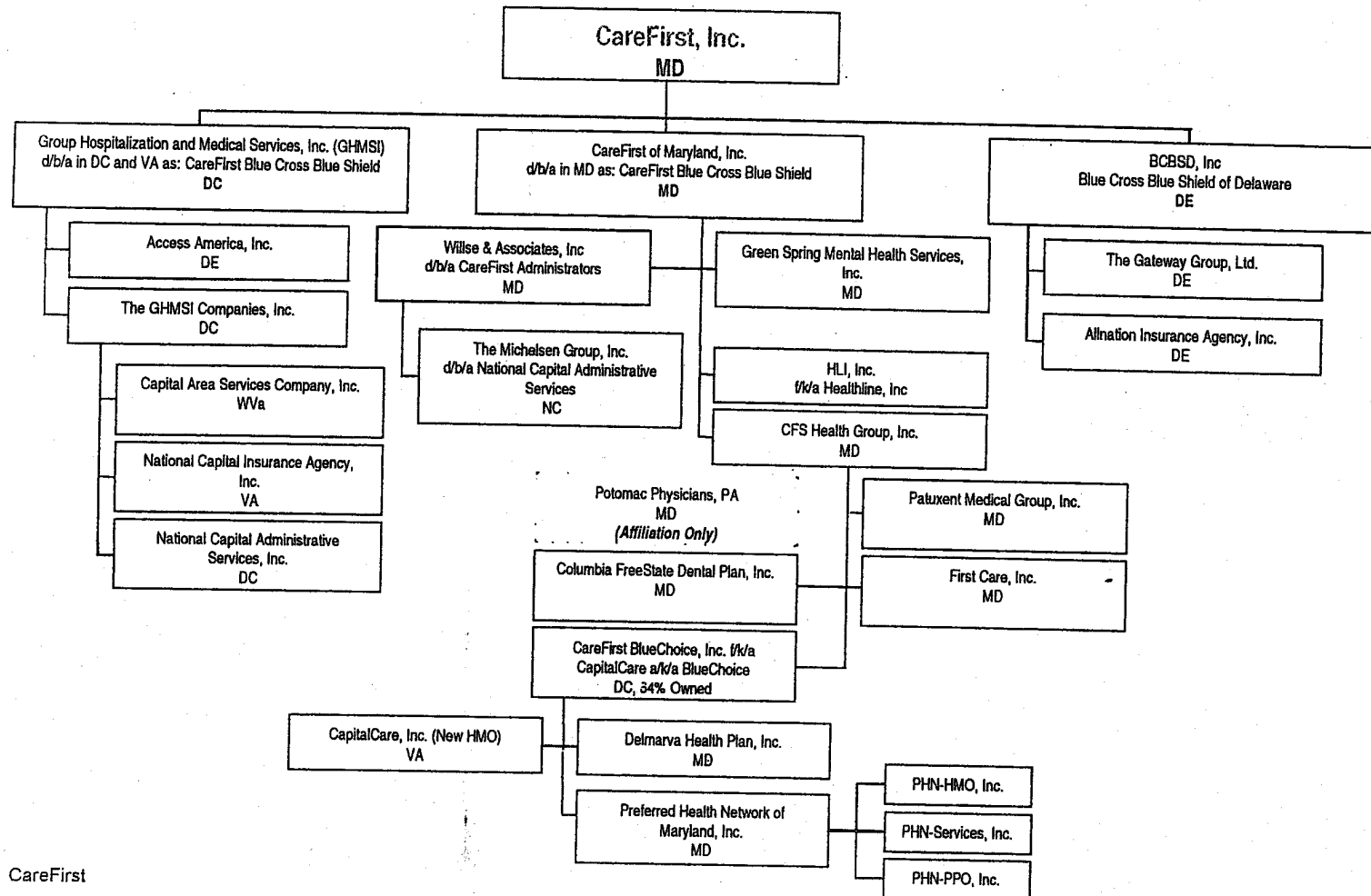
A-II Financial Information

A-III Health Care Industry Context

A-IV Impacts on Availability, Accessibility & Affordability

A-V Data Sources, Assumptions and Methodologies

Chart of Subsidiaries (December 2001)



Source: CareFirst

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CareFirst's Product Descriptions

CareFirst Group Products

(Offered to Fully Insured and Self-Insured Employer Groups)

Product	Product Description
Traditional and Comprehensive Major Medical Indemnity	<ul style="list-style-type: none"> Traditional indemnity products offer first-dollar coverage with a wide range of benefit options. Comprehensive Major Medical Products provide payment for hospital, medical/surgical and professional services after deductible obligations are met.
Preferred Provider Organization (PPO)	<ul style="list-style-type: none"> The PPO offers comprehensive coverage for hospital, medical/surgical and professional services within a provider network. Members using out-of-network providers are subject to a deductible and coinsurance. This product is offered to small employers in accordance with Maryland's small group coverage regulations.
Health Maintenance Organization (HMO)	<ul style="list-style-type: none"> Currently offered under BlueChoice, BlueChoice Opt-Out, BlueChoice Opt-Out PLUS, Delmarva and Free State, CareFirst HMO's provide comprehensive major medical services from in-network providers. Members required to select a primary care physician to act as a gatekeeper.
Point of Service (POS)	<ul style="list-style-type: none"> Point of Service products require members to designate a primary care physician. Members are able to receive care without going through their designated primary care provider, but pay greater out-of-pocket expenses. Products offered for point of service plans use CareFirst HMO or PPO networks already in place for in-network services and provide a range of out-of-network benefits. <ul style="list-style-type: none"> Maryland Point of Service (MPOS) allows members to access any PPO provider as in-network for specialty care. Blue Plus, Choice Advantage and Premier Select integrate CareFirst's capitated HMO provider networks and use the CareFirst's participating providers for out-of-network benefits. Blue Choice Opt-out and Blue Choice Opt-Out PLUS members can seek care from any network provider. Blue Choice Opt-Out members who chose out of network care will be balance-billed above plan allowance while Blue Choice Opt-out PLUS members who seek out of network care are subject to a calendar year deductible and coinsurance.

Source: CareFirst internal product marketing materials, 2001

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CareFirst's Product Descriptions

CareFirst Group Products, con't.

(Offered to Fully Insured and Self-Insured Employer Groups)

Product	Product Description
Package Point of Enrollment	<ul style="list-style-type: none"> Point of Enrollment arrangements allow employers to offer multiple plans to their employees. Employees are locked into the plan they chose for one-year. Package point of Enrollment is limited to the CareFirst NCA product portfolio.
Group Over 65	<ul style="list-style-type: none"> CareFirst MD offers several group indemnity Medicare complementary programs designed to provide additional coverage for those who are eligible for Medicare as primary coverage. These programs are designed to provide coverage for some charges and services not covered by Medicare. <ul style="list-style-type: none"> Standard Group Over 65 Program allows employers to offer a low cost, basic, health program to retirees. Program features preventative services. Medicomp CareFirst benefits are combined with Medicare benefits to allow employers to offer the same level of coverage to Medicare employees as they would non-Medicare employees.

Source: CareFirst internal product marketing materials, 2001

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CareFirst's Product Descriptions

CareFirst Individual* Products

Product	Product Description
Indemnity Personal Comp	<ul style="list-style-type: none"> Offered in Maryland, Personal Comp is a comprehensive major medical plan for individuals and families. Coverage includes preventative care, fixed co-pays, limited drug benefit, a choice of coinsurance and deductible levels and a \$1 million policy maximum. Optional dental and/or vision discount benefits can be added. Pre-existing conditions have a nine-month waiting period.
Indemnity Comprehensive Major Medical	<ul style="list-style-type: none"> Available in Maryland, D.C. and Virginia, Indemnity Comprehensive Major Medical and two deductible options, 80/20% coinsurance and \$1 million policy maximum.
BluePreferred PPO	<ul style="list-style-type: none"> Offered in Maryland, D.C. and Virginia, members use a preferred provider to receive lower co-insurance and out-of-pocket deductibles. The plan offers a selection of deductible and coinsurance levels allowing individuals to tailor benefits to suit health needs and budget. Pre-existing conditions are subject to a 10-month waiting period.
MD PPO Open Enrollment	<ul style="list-style-type: none"> Modeled after the standard Maryland Small Group Comprehensive Health Benefit Plan, the PPO open enrollment plan has a deductible and two different coinsurance levels for in-network or out-of-network care received. Benefits are available for hospitalization, medical and surgical services, mental health, substance abuse and prescription drugs. There is no waiting period for pre-existing conditions. Plan is available for enrollment twice a year.
DC and VA PPO Open Enrollment	<ul style="list-style-type: none"> Using the PPO network, the D.C. and Virginia PPO open enrollment product is available on a guaranteed issue basis. After meeting deductibles, benefits are available for hospitalization, medical and surgical services, mental health, substance abuse and drug benefits. Pre-existing conditions are subject to a waiting period.

**Unless stated otherwise, individual coverage is for members under the age of 65*

Source: CareFirst internal product marketing materials, 2001

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